

SECRET

47886
Copy **Nº**

394 25X1

BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/193

1 July 1963

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

SECRET

25X1

25X1

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700020065-8

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700020065-8

~~SECRET~~

Summary of Events
14-27 June 1963

The USSR finally has inaugurated a new air route to Havana via North and West Africa. TASS announced on 27 June that the first Tu-114 has begun flights via Conakry, Guinea.

The United Arab Republic and the USSR have signed a new credit agreement for \$44.4 million to finance industrial projects. The terms provide for repayment over a 12-year period and an interest of 2.5 percent. There is a strong possibility that additional Soviet military assistance also may have been discussed.

A Soviet-Ghanaian protocol, signed last March, provides that \$22.2 million of the 1960 and 1961 Soviet development credits will be earmarked for Soviet commodities to finance local currency costs of certain Soviet-assisted projects under these credits. The financing of these costs has hindered the implementation of the Soviet aid program.

Communist China recently waived reimbursements for assets taken over in the nationalization of two Chinese banks in Burma. The net value of the assets is estimated at \$700,000. The Chinese Communists probably will use their action to propagandize their cooperation with the policies and actions of the Revolutionary Government of Burma in implementing the "Burma Way to Socialism."

A group of 20 Burmese technical trainees left for the USSR on 7 June to participate in 3-months' training in the operation of tractors and mechanized farms. The trainees ultimately may supervise 20 government tractor stations to be established throughout Burma. The present Soviet program for training station supervisors will be the first step toward the assimilation of larger numbers of tractors in Burmese agriculture.

An Indian delegation will begin discussions on military assistance early in July in Moscow and subsequently will go to Prague for similar discussions. These negotiations will involve Soviet and Czechoslovak

~~SECRET~~

SECRET

deliveries of a wide range of military hardware as well as Soviet assistance in constructing an ammunition factory in India. If successful, these negotiations will broaden the scope of Bloc military assistance to India that heretofore had been concerned only with production and deliveries of aircraft.

The USSR is reported to have agreed on 14 June to a 50 percent reduction in Indonesia's annual debt servicing costs and to enter into production sharing arrangements.

After a 7-year downward trend the prices of some primary commodities have begun to rise. Viewed against the history of price movements in commodity markets since the Korean War, however, these recent price increases cannot yet be construed as a reversal in general trends. The prospects for a long-run increase in the export earnings of most underdeveloped countries are not encouraging.

SECRET

~~SECRET~~

C O N T E N T S

	<u>Page</u>
I. Recent Price Changes in Commodities Important to Underdeveloped Countries	1
A. Trade Pattern of Underdeveloped Countries	1
B. Ten Major Commodities	4
1. Food Products	4
Coffee	4
Cocoa	5
Sugar	6
Bananas	7
2. Agricultural Raw Materials	7
Jute	7
Rubber	8
Cotton	9
Wool	10
3. Metals	10
Tin	10
Copper	11
II. Latin America	12
Soviet Air Access to Cuba via Africa	12
III. Middle East	13
New Soviet Aid to the UAR	13

~~SECRET~~

SECRET

	<u>Page</u>
IV. Africa	13
Soviet Commodity Credit for Financing Local Costs in Ghana	13
V. Asia	14
A. Burma	14
1. Chinese Communist Propaganda Gain	14
2. Departure of Technical Trainees for the USSR	14
B. Imminent Bloc Military Aid Agreements with India	15
C. Sumarno-Hidajat Mission to Moscow	15
VI. Brief Notes	16
Algeria	16
Brazil	16
Ghana	16
Somali Republic	17

Charts

Figure 1. World Average Export Unit Values of Selected Food Products, 1955-63 <u>following page</u>	4
Figure 2. World Average Export Unit Values of Selected Agricultural Raw Materials, 1955-63 <u>following page</u>	8
Figure 3. World Average Export Unit Values of Selected Metals, 1955-63 <u>following page</u>	10

SECRET

25X1

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700020065-8

Next 20 Page(s) In Document Exempt

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700020065-8